

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Bock Analyst: Darrine Distefano Bill Number: AB 2682
Related Bills: See Legislative History Telephone: 845-6458 Amended Date: 04-24-2000
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: HRA/Household Income Limit Adjustment/Increases Full Property Value From \$34,000 To \$37,400

SUMMARY OF BILL

This bill would increase the property value amount used to calculate benefits for the homeowners assistance program from \$34,000 to \$37,400 and would increase the property tax equivalent amount for the renters assistance program from \$250 to \$275.

SUMMARY OF AMENDMENT

The April 24, 2000, amendments deleted a provision regarding the Senior Citizens and Disabled Citizens Property Tax Postponement Law and add the provisions discussed in this analysis.

EFFECTIVE DATE

This bill would be effective on January 1, 2001, and operative for all claims filed after this date.

LEGISLATIVE HISTORY

AB 1636 (Stats. 1999, Ch. 928) added floating homes to the definition of the residential dwelling for purposes the homeowners and renters assistance program.

PROGRAM HISTORY/BACKGROUND

Since 1968, California has provided relief to senior citizens in the form of property tax assistance. In 1977, the program was extended to renters and was based on a property tax equivalent amount estimated to be paid by renters. Beginning in 1979, totally disabled homeowners and renters, regardless of age, became eligible for the program. This program is called Homeowners and Renters Assistance (HRA) and is administered by the Franchise Tax Board (FTB).

SPECIFIC FINDINGS

The assistance amount under the HRA program represents a partial reimbursement of the previous fiscal year's property taxes on personal residences paid directly by homeowners and indirectly by renters. For renters, a payment of \$250 in property tax is assumed. Relief for homeowners and renters is based on a percentage of the property tax. This percentage varies inversely to the applicants' income levels and ranges from 4% to 96%.

Board Position:

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_____ N	_____ OUA	_____ X PENDING

Department Director

Date

Gerald H. Goldberg

5/11/00

To be eligible for assistance, the claimant's total household income for the prior calendar year cannot exceed \$33,132. Total household income consists of adjusted gross income (as computed for tax purposes) increased by nontaxable income including social security, cash public assistance, pensions and annuities (not otherwise taxable), unemployment insurance, tax-exempt interest, life insurance proceeds, gifts in excess of \$300, and worker's compensation payments. Also, the gross household income cannot exceed \$60,240. Gross household income is total household income plus all non-cash business expenses such as depreciation, amortization, and depletion.

Claimants may file for assistance from May 15 through August 31, inclusive. However, the FTB may accept claims through June 30 of the year following that for which assistance is claimed, given certain extenuating circumstances such as documented medical disability during the normal filing period. It takes up to 15 weeks to process a claim.

This bill would increase the property value amount used to calculate benefits for the homeowners assistance program from \$34,000 to \$37,400.

Also, **this bill** would increase the property tax equivalent amount for the renters assistance from \$250 to \$275.

Implementation Considerations

Implementing this bill would not significantly impact the department's programs and operations.

FISCAL IMPACT

Departmental Costs

This bill would not significantly impact departmental costs.

Tax Revenue Estimate

Based on data and assumptions discussed below, revenue losses from this proposal are projected as follows:

Estimated Revenue Impact of AB 2682 As Amended April 24, 2000 Beginning With 2001 Program (In \$Millions)			
Fiscal Years	2001-02	2002-03	2003-04
Homeowners' Assistance	-\$2	-\$2	-\$2
Renters' Assistance	-\$10	-\$10	-\$11
Total Impact (rounded)	-\$12	-\$12	-\$13

Any possible changes in employment, personal income, or gross state product that might result from this provision are not taken into account.

Tax Revenue Discussion

Revenue losses would depend on the amount of additional assistance payments to qualified homeowners and renters claiming this tax relief in any given year. All renters would benefit from this proposal while only homeowners with net assessed property values exceeding \$34,000 would benefit.

According to departmental data for the 1999-2000 Program, there were 389,000 approved claims for the HRA program with the total benefits of \$71 million. Applying the most recent data, additional HRA payments projected for this amendment would amount to \$2 million for homeowners and \$10 million for renters in year 2001-02.

BOARD POSITION

Pending.